

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6185**

**BILL NUMBER:** SB 66

**NOTE PREPARED:** Feb 24, 2005

**BILL AMENDED:** Feb 15, 2005

**SUBJECT:** Medicaid Managed Care.

**FIRST AUTHOR:** Sen. Dillon

**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
X FEDERAL

**IMPACT:** State

**Summary of Legislation:** (Amended) This bill extends provisions of law until December 31, 2007, that: (1) prohibit the Office of Medicaid Policy and Planning (Office) or the Office's managed care contractor from providing incentives or mandates that direct certain individuals to specified hospitals other than the hospital located in the city where the patient resides unless specified conditions are met; (2) require reimbursement for specified hospitals for services provided if certain conditions are met; and (3) require an inflation adjustment factor to be applied to the reimbursements.

**Effective Date:** (Amended) December 30, 2004 (Retroactive); December 31, 2004 (Retroactive).

**Explanation of State Expenditures:** (Revised) This bill extends to December 31, 2007, certain provisions in current statute which affect the relationship between a Medicaid managed care organization (MCO) providing services in Lake County and the providers providing medical services to Medicaid recipients assigned to the MCO. The bill does specify the manner in which some reimbursement rates (between the MCO and the MCO's providers) are determined. The bill specifies that rates paid may not exceed the current Medicaid fee-for-service rates. Consequently, this provision is not expected to significantly impact expenditures in the Medicaid program.

The bill repeals two sections of the statute that expired on December 31, 2004.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Office of Medicaid Policy and Planning, Family and Social Services Administration.

**Local Agencies Affected:**

**Information Sources:**

**Fiscal Analyst:** Kathy Norris, 317-234-1360.